UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
(Greenbelt Division)

SECURITIES AND EXCHANGE COMMISSION 100 F Street, N.E. Washington, DC 20549 Plaintiff, v. WALTER D. WAGNER 4712 Topping Road Rockville, MD 20852 (Montgomery County) and ALEXANDER J. OSBORN, 4870 W. Braddock Road, Apt. 10 Alexandria, VA 22311 Defendants.	Civil Action No. ____________________ **JURY DEMANDED**

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission ("Commission") files this complaint ("Complaint") and alleges as follows:

SUMMARY

1. This case involves insider trading by Walter D. Wagner ("Wagner") and Alexander J. Osborn ("Osborn") (collectively, "Defendants") in the securities of The Shaw Group Inc. ("Shaw") based on tips of material, nonpublic information that Wagner obtained from John W. Femenia

(“Femenia”), a personal friend of Wagner’s who had obtained the information via his employment in the Investment Banking division of Wells Fargo Securities, LLC (“Wells Fargo Securities”).

2. In July 2012, Femenia, in breach of his duties to Wells Fargo Securities and its clients, supplied or “tipped” his friend Wagner with material, nonpublic information about Shaw’s impending acquisition by Chicago Bridge & Iron Company, N.V. (“CBI”), a multinational Netherlands company. Shortly thereafter, Wagner traded on this material, nonpublic information and purchased Shaw equity and short-term call options. Wagner further tipped this information to his friend Osborn, who also purchased Shaw equities and short-term call options based on this information.

3. On the morning of July 30, 2012, CBI publically announced its agreement to acquire Shaw. On the day of the announcement, Shaw’s closing stock price increased approximately 55 percent over the prior trading day’s closing price.

4. Following the announcement, Wagner and Osborn sold all of their Shaw equities and call options, realizing illicit trading profits of approximately $517,784 and $439,830, respectively.

5. By knowingly or recklessly engaging in the conduct described in this Complaint, Defendants have violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

6. The Commission brings this action pursuant to Sections 21(d) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u-1]. The Commission seeks a permanent injunction against Defendants, enjoining them from engaging in the acts, practices and courses of business alleged in this

Complaint, disgorgement on a joint and several basis of all profits realized, prejudgment interest, civil monetary penalties, and such other relief as the Court may deem just and appropriate.

7. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(1), 78u(e), 78u-1 and 78aa]. Defendants, directly or indirectly, singly or in concert with others, made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

8. Venue is proper in this district pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Defendant Wagner resides in Rockville, Maryland, and certain of the transactions, acts, practices, and courses of business constituting the violations of the Exchange Act alleged herein occurred in the District of Maryland, including, but not limited to, Wagner receiving tips of material, nonpublic information from Femenia about the impending acquisition of Shaw while in Maryland, Wagner trading in the securities of Shaw based on this information while in Maryland, and Wagner tipping this information to Osborn while in Maryland.

DEFENDANTS

9. **Wagner**, age 33, currently resides, and for all time periods relevant herein resided, in Rockville, Maryland. He graduated from the U.S. Merchant Marine Academy in 2003.

10. **Osborn**, age 29, currently resides, and for all time periods relevant herein resided, in Alexandria, Virginia. He graduated from the U.S. Merchant Marine Academy in 2006.

RELEVANT INDIVIDUALS AND ENTITIES

11. **Femenia**, age 32, currently resides in the state of New York. From 2010 until his termination in December 2012, Femenia worked as an associate in the Industrials Investment Banking

Group at Wells Fargo Securities, and he held a Series 7 securities license. Femenia graduated from the U.S. Merchant Marine Academy in 2003.

12. **CBI** is a multinational Netherlands company involved in, among other things, design, engineering, and construction in the energy industry. CBI's common stock trades on the New York Stock Exchange under the symbol "CBI."

13. **Shaw** was a Louisiana corporation with its principal executive offices in Baton Rouge, Louisiana. Shaw was a global provider of engineering, construction, and technology services. During the relevant period, Shaw's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and quoted on the New York Stock Exchange under the symbol "SHAW." CBI announced its agreement to acquire Shaw on July 30, 2012. Following the finalization of Shaw's acquisition by CBI on or about February 13, 2013, Shaw's common stock was delisted and deregistered with the Commission and is no longer publicly traded.

14. **Providence Service Corporation ("Providence")** is a Delaware corporation headquartered in Tucson, Arizona. Providence's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and quoted on the NASDAQ under the symbol "PRSC." Providence specializes in providing home- and community-based social services and non-emergency transportation services.

15. **Wells Fargo Securities,** a Commission-registered broker-dealer, provides, among other things, investment banking and capital market services for businesses, as well as financial and corporate advisory services, private capital and debt placement, underwriting, equity investing, real estate financing, risk management services, and structured products.

FACTS

Relevant Relationships

16. Wagner and Femenia first met and became friends sometime between 1999 and 2003 when they were attending the U.S. Merchant Marine Academy together.

17. Throughout the relevant period, Wagner and Femenia remained friends and communicated with each other via, among other means, telephone calls and text messages. Wagner knew that Femenia worked in investment banking at Wells Fargo Securities and that Femenia had access to material, nonpublic information about public companies and their possible acquisition through his employment.

18. Wagner and Osborn became friends in or about 2009 when they worked in the same office building for different government contractors. Throughout the relevant period, they remained friends and communicated with each other via, among other means, telephone calls and text messages.

Wells Fargo Securities' Insider Trading and Confidentiality Policies

19. For all relevant time periods, Wells Fargo Securities maintained investment banking supervisory and compliance procedures, applicable to its investment banking personnel, which provided detailed standards of conduct proscribing insider trading. Specifically, the procedures and rules, among other things, imposed a formal obligation to safeguard material, nonpublic and/or confidential information; prohibited the use of "inside" or material, nonpublic information to trade in securities; and prohibited the recommending of securities of an issuer while aware of material, nonpublic information about it.

20. As of at least March 2010, Femenia was an associate with the Industrials Investment Banking Group at Wells Fargo Securities. Through his employment at Wells Fargo Securities, Femenia became aware of and/or had access to highly confidential and material information.

21. At all relevant times, Wells Fargo Securities' procedures and rules were fully applicable to Femenia, and he was fully aware of them. As a result, Femenia knew or recklessly disregarded that he owed duties to Wells Fargo Securities and its clients to keep confidential and not disclose, personally use, or misappropriate the material, nonpublic information that he learned through or as a result of his employment with Wells Fargo Securities.

Defendants Trade in Providence Based on Information from Femenia

22. In or about late 2011 or early 2012, Femenia learned that Wells Fargo Securities had been approached to provide financing to a company seeking to acquire Providence.

23. Sometime in or before March 2012, Femenia learned that the Wells Fargo Securities-backed offer to acquire Providence was not accepted. Femenia, having information that at least one company had previously offered to acquire Providence, believed that an acquisition of Providence would ultimately occur.

24. In or about February 2012, Wagner lost his job. By at least early April 2012, Femenia knew of Wagner's job loss.

25. In early April 2012, Femenia told Wagner that he had heard Providence would be acquired at about $20.00 per share and recommended that Wagner purchase Providence shares. Femenia advised Wagner to keep this information secret and not to share it with anyone else.

26. Prior to April 2012, Wagner had never traded in Providence securities.

27. On April 10, 2012, Wagner made his first ever trade in Providence shares based on Femenia's information and recommendation.

28. On or about April 24, 2012, Wagner submitted an application to USAA Investment Management Company ("USAA IMCO") to open a margin account, which is a brokerage account in which a broker lends the customer cash to purchase securities. On the margin account application, Wagner listed liquid assets of $130,000.

29. Between April 10 and May 2, 2012, Wagner used all of his liquid assets to buy 9,231 shares of Providence for approximately $130,307.

30. On or before April 19, 2012, Wagner told Osborn that his friend in the finance industry had heard Providence would be acquired for about $20.00 per share and that this friend in the finance industry had told him to purchase Providence shares. Wagner told Osborn that he too should purchase Providence shares and admonished Osborn not to share this information with anyone else.

31. On or about April 19, 2012, Wagner exchanged several text messages and two phone calls with Osborn. The phone calls exchanged between them on April 19, 2012 were the first such phone calls exchanged between Osborn and Wagner in more than one month.

32. Prior to April 2012, Osborn had never traded in Providence securities.

33. On April 20, 2012, Osborn made his first ever trade in Providence shares.

34. On or about May 1, 2012, Osborn submitted to USAA IMCO an application to open margin account, on which he listed liquid assets of $80,000.

35. Between April 20 and May 8, 2012, Osborn spent approximately $43,316 — approximately 54% of his liquid assets — to buy 3,143 shares of Providence.

Femenia Obtains and Misappropriates from Wells Fargo Securities Material, Nonpublic Information About the CBI/Shaw Transaction

36. On July 3, 2012, CBI contacted two Managing Directors at Wells Fargo Securities regarding Wells Fargo Securities' possible participation in the financing of CBI's acquisition of Shaw. On that same day, at least 14 additional Wells Fargo Securities employees were alerted to CBI's potential acquisition of Shaw, including four employees in the same New York office of Wells Fargo Securities that Femenia worked.

37. The information Wells Fargo Securities possessed regarding the potential acquisition was highly confidential and was not intended to be disclosed before the acquisition was publicly announced.

38. By no later than on or about July 8, 2012, Femenia obtained confidential and nonpublic information about CBI's potential acquisition of Shaw via his employment at Wells Fargo Securities, including information regarding price terms and the timing of the acquisition announcement. Femenia knew or was reckless in not knowing that dissemination of this information would constitute a violation of his duties to Wells Fargo Securities and its clients, including a violation of Wells Fargo Securities' stated policies and procedures regarding confidentiality and the misuse of confidential information.

39. Femenia knowingly or recklessly misappropriated and disclosed to Wagner Wells Fargo Securities' confidential information regarding CBI's potential acquisition of Shaw in breach of his duties to Wells Fargo Securities and its clients, and in violation of Wells Fargo Securities' stated policies and procedures regarding confidentiality and the misuse of confidential information.

40. At the time of each purchase of Shaw securities identified in this Complaint, the misappropriated information regarding Shaw was confidential and nonpublic.

41. At the time of each purchase of Shaw securities identified in this Complaint, the misappropriated information regarding Shaw was material. There is a substantial likelihood that the

misappropriated information regarding Shaw would have been viewed by a reasonable investor as important to his investment decision and/or as significantly altering the total mix of information available to the public.

Defendants Sell Providence and Purchase Shaw Securities Based on Femenia's Tip of Material, Nonpublic Information

42. On July 8, 2012, Wagner exchanged multiple phone calls with Femenia, including calls at 7:06 p.m. (lasting approximately nine minutes) and 10:16 p.m. (lasting approximately 11 minutes).

43. During the morning of July 9, 2012, Wagner and Femenia exchanged several text messages, including texts at 12:20 a.m., 7:10 a.m., 7:29 a.m., and 7:32 a.m.

44. During one or more of the above-described or other communications between Femenia and Wagner on July 8 and July 9, 2012, Femenia told Wagner that he had overheard colleagues in his office saying that Shaw would be acquired at about $45.00 per share.

45. Femenia told Wagner that the acquisition would be announced in July 2012 when Shaw released its quarterly earnings, that the acquisition share price would be $45.00 per share, that Wagner should sell all of his Providence holdings, and that Wagner should buy Shaw "call options" that would expire in August 2012.

46. The information that Femenia tipped Wagner regarding Shaw was material and nonpublic.

47. Femenia tipped material, nonpublic information regarding Shaw to Wagner as a personal gift to Wagner, who was his personal friend.

48. In the evening of July 8, 2012, after Wagner had exchanged multiple communications with Femenia in the preceding hours, Wagner sent a text message to Osborn at 11:21 p.m.

49. On the morning of July 9, 2012 at 8:52 a.m., Osborn called Wagner, with such call lasting approximately one minute. At 10:39 a.m., Wagner called Osborn, for a call lasting approximately 11 minutes and 25 seconds. With the exception of one phone call on June 24, 2012, the two phone calls exchanged between Osborn and Wagner on the morning of July 9, 2012 were the first such phone calls exchanged between them using their respective cellphones in over five weeks.

50. During one or more of the above-described or other communications between Wagner and Osborn on July 8 and July 9, 2012, Wagner told Osborn that the same friend in the finance industry who had told him about Providence said that had he overheard colleagues in his office saying that Shaw would be acquired at about $45.00 per share. Wagner also told Osborn that this friend in the finance industry said that the acquisition would be announced when Shaw released its earnings in July 2012, advised him to sell all of his Providence holdings, and told him to buy Shaw call options that would expire in August 2012.

51. The information that Wagner tipped Osborn regarding Shaw was material and nonpublic.

52. Wagner tipped material, nonpublic information regarding Shaw to Osborn as a personal gift to Osborn, who was his personal friend.

53. Prior to July 9, 2012, Osborn and Wagner had never sold shares of the same security during the same day, week, or month.

54. On July 9, 2012, beginning at approximately 11:28 a.m., Wagner sold all of his Providence holdings, realizing a net loss of approximately $14,000.

55. On July 9, 2012, beginning at approximately 12:55 p.m., Osborn sold all of his Providence holdings, realizing a net loss of $4,372. Osborn sold his Providence holdings within hours

after he and Wagner exchanged only the second and third telephone calls between their respective cellphones in more than five weeks.

56. Before July 9, 2012, Wagner had no history of trading in the securities of Shaw.

57. On July 9, 2012, beginning at approximately 3:24 p.m., Wagner made his first ever trades in the securities of Shaw based on the information he received from Femenia, spending approximately $107,644 on Shaw equities, Shaw call options expiring on July 21, 2012 with strike prices of $30.00 and $31.00, and Shaw call options expiring on August 18, 2012 with a strike price of $30.00. These purchases constituted a substantial portion of Wagner's liquid assets.

58. A "call option" gives an investor the right, but not the obligation, to buy 100 shares of the underlying security at a specified price (the option "strike price") within a specific time period (before the option's "expiration date"). A buyer of a call option generally anticipates that the price of the stock underlying the call option will increase above the option's strike price before the option's expiration date. A call option is considered "out-of-the-money" if the strike price of the option is above the current price of the underlying security. This is because it would be unprofitable to exercise the call option and pay more for the stock than if the stock were purchased in the market. If the price of the stock underlying the call option fails to increase above the call option's strike price before the option's expiration date and the option holder has not sold the option, then the call option expires as worthless, and the option holder loses his entire investment in the option (i.e., the entire cost at which he purchased the option). If the underlying stock price increases above the option's strike price before the option expires, the option holder can either exercise the call option and acquire the underlying stock at the strike price, or sell the call option, which would have increased in value (as it is now "in-the-money").

59. All of the Shaw call options that Wagner purchased on July 9, 2012 and thereafter were "out-of-the-money" when he purchased them.

60. By buying out-of-the money call options expiring on July 21 and August 18, 2012, Wagner expressed confidence that Shaw's underlying stock price would rise above the strike prices of his call options before they expired. During the month preceding Wagner's first purchase of Shaw call options on July 9, 2012, Shaw's stock price had never closed above $28.13, closing at an average of $26.27 during that period, well below the strike prices of the Shaw call options Wagner purchased on July 9, 2012.

61. Before July 9, 2012, Osborn had no history of trading in the securities of Shaw.

62. On July 9, 2012, beginning at approximately 3:27 p.m., Osborn made his first ever trades in the securities of Shaw based on the information he received from Wagner. On that day, Osborn spent approximately $25,654 on Shaw equities and August-expiring call options with a strike price of $30.00. These purchases constituted a substantial portion of Osborn's liquid assets.

63. The approximately $25,654 Osborn invested in Shaw equities and out-of-the-money call options on July 9, 2012 was the most he had ever invested in a single security on a single day up to that point.

64. Osborn made his first ever trades in Shaw: (a) within hours after he and Wagner exchanged only the second and third telephone calls between their respective cellphones in more than five weeks, (b) within hours after he sold all of his Providence holdings on the same day that Wagner sold all of his Providence holdings, and (c) within approximately three minutes of Wagner's first ever trade in Shaw.

65. All of the Shaw call options that Osborn purchased on July 9, 2012 and thereafter were "out-of-the-money" when he purchased them.

66. By buying out-of-the money call options expiring on August 18, 2012, Osborn expressed confidence that Shaw's underlying stock price would rise above the strike prices of the call options he purchased before their expiration date. During the month preceding Osborn's first purchase of Shaw call options on July 9, 2012, Shaw's stock price had never closed above $28.13, closing at an average of $26.27 during that period, significantly lower than the strike prices of the Shaw call options Osborn purchased on July 9, 2012.

67. On July 10, 2012 during a conference call beginning at approximately 9:00 a.m., Shaw announced its financial results for the third quarter of fiscal year 2012.

68. On July 10, 2012 at 9:25 a.m., Wagner sent a text message to Femenia.

69. On July 10, 2012 at 9:58 a.m., Wagner called Osborn for a phone call lasting approximately one minute. At 10:00 a.m., Osborn sent a text message to Wagner, and at 10:24 a.m., Wagner sent a text message to Osborn.

70. On July 10, 2012 at 10:34 a.m., Femenia sent a text message to Wagner.

71. On July 10, 2012 at 10:38 a.m., Wagner called Osborn for a phone call lasting approximately eight minutes.

72. On July 10, 2012 at approximately 12:09 p.m., Osborn purchased 70 August 2012 call options of Shaw with a strike price of $30.00.

73. By the end of the day on July 10, 2012, Shaw had not announced or advised of any possible acquisition, either during its earnings conference call or at any time thereafter on that day.

Following the earnings release on that day, Shaw's stock price fell sharply, with the closing price decreasing from $28.39 on July 9, 2012 to $25.78 on July 10, 2012.

74. After Shaw failed to announce or advise of an acquisition on July 10, 2012 when it released earnings, Wagner expressed to Femenia during their July 10, 2012 communications and/or during other communications his concern about whether Shaw would still be acquired and about Shaw's market-disappointing earnings release. Femenia reassured Wagner that the acquisition of Shaw would still occur and would be announced in July 2012.

75. Wagner subsequently communicated to Osborn during their July 10, 2012 communications and/or during other communications what Femenia had told him about Shaw still being acquired even though no such acquisition had been announced on the day of Shaw's earnings release as Femenia had originally said. Wagner reassured Osborn that someone who knew the deal was in the works said that Shaw would still be acquired and that the acquisition announcement would still occur in July 2012.

76. On July 17, 2012 at 1:28 p.m., Wagner sent a text message to Femenia. At 4:19 p.m., Femenia sent a text message to Wagner. At 5:15 p.m., Wagner again sent a text message to Femenia. On that day, Shaw's underlying stock closed at $26.33.

77. On July 18, 2012, beginning at 8:26 a.m., Wagner exchanged at least five text messages with Osborn.

78. On July 18, 2012, beginning at approximately 2:57 p.m., Wagner purchased 11 August 2012 call options of Shaw with a strike price of $28.00. On that day, Shaw's underlying stock closed at $26.00.

79. On July 19, 2012 at 1:05 p.m., Osborn sent a text message to Wagner. Beginning at approximately 1:11 p.m., Osborn purchased 90 August 2012 call options of Shaw with a strike price of $29.00. On that day, Shaw's underlying stock closed at $26.05.

80. On July 19, 2012 at 1:47 p.m., Wagner sent a text message to Wagner. At 2:13 p.m., Osborn sent a text message to Wagner. At 2:16 p.m., Wagner called Osborn (lasting approximately 40 seconds). Osborn called Wagner at 2:55 p.m. (lasting approximately 35 seconds) and 3:32 p.m. (lasting approximately one minute and 21 seconds).

81. On July 19, 2012, beginning at approximately 3:37 p.m., Wagner purchased 40 August call options of Shaw with a strike price of $29.00. On July 19, 2012, Shaw's underlying stock closed at $26.05.

82. On July 20, 2012 at 1:37 p.m., Osborn called Wagner (lasting approximately five minutes). At 1:54 p.m., Wagner called Osborn (lasting approximately one minute). Beginning at approximately 3:37 p.m., knowing that his July 2012 call options were about to expire as worthless, Wagner purchased 30 August 2012 call options of Shaw with a strike price of $29.00. On that day, Shaw's underlying stock closed at $25.75. Upon the afternoon close of the markets, Wagner's expiring July 2012 call options ceased trading. On the following day, Saturday, July 21, 2012, all of Wagner's July 2012 call options (which had remained "out-of-the-money") expired as worthless.

83. On July 22, 2012 at 11:48 a.m., Wagner called Osborn for a call lasting approximately 51 minutes.

84. On July 23, 2012 at 9:59 a.m., Osborn sent a text message to Wagner. Beginning at approximately 11:37 a.m. that same day, Osborn purchased 50 August call options of Shaw with a strike

price of $29.00 and 100 August call options with a strike price of $30.00. On that day, the price of Shaw's underlying stock closed at $25.77.

85. On July 23, 2012 at 1:20 p.m., Osborn sent a text message to Wagner.

86. On July 23, 2012, beginning at approximately 3:25 p.m., Wagner purchased 137 August 2012 call options of Shaw with a strike price of $30.00 and 50 August call options with a strike price of $31.00. On that day, Shaw's stock price closed at $25.77.

87. On July 23, 2012 at 7:29 p.m., Osborn sent a text message to Wagner.

88. On July 24, 2012 at 1:42 p.m., Femenia called Wagner (lasting approximately eight minutes). At 6:24 p.m., Wagner called Osborn (lasting approximately nine minutes).

89. In total, between July 9 and July 23, 2012, Wagner bought approximately $117,093 worth of Shaw equities (for approximately $90,927) and out-of-the-money call options (for approximately $26,166), specifically buying: (a) 3,222 shares at an average share price of approximately $28.20; (b) 30 July 2012 call options with a strike price of $30.00; (c) 50 July 2012 call options with a strike price of $31.00; (d) 10 July 2012 call options with a strike price of $33.00; (e) 21 August 2012 call options with a strike price of $28.00; (f) 209 August 2012 call options with a strike price of $29.00; (g) 130 August 2012 call options with a strike price of $30.00; and (h) 150 August 2012 call options with a strike price of $31.00. These trades were made on the basis of material, non-public information that Wagner received from Femenia's tip about the potential acquisition of Shaw.

90. The approximately $117,093 Wagner spent to purchase Shaw equities and out-of-the-money call options between July 9 and July 23, 2012 constituted a substantial portion of his liquid assets.

91. The approximately $117,093 Wagner spent to purchase Shaw equities and out-of-the-money call options between July 9 and July 23, 2012 was the most he had ever invested in a single security up to that point.

92. If the price of Shaw's underlying stock did not increase above the $29.00 - $31.00 strike prices of Wagner's call options before they expired and Wagner still held the options, his options would have expired as worthless, and the entirety of his $26,166 investment in Shaw call options would have been lost. From July 9 through July 23, 2012 (the period during which Wagner purchased Shaw call options), Shaw's stock price never closed above $28.39, closing at an average of $26.11 during that period.

93. When purchasing Shaw equities and out-of-the-money call options, Wagner knew or was reckless in not knowing that the information he received from Femenia about the possible acquisition of Shaw was material, nonpublic information that had been communicated in violation of Femenia's duties to his employer and/or its clients. Wagner knew Femenia was employed in investment banking at Wells Fargo Securities and knew or was reckless in not knowing that Femenia had access to material, nonpublic information about Shaw in light of the type, origin, specificity, and timeliness of the information Femenia conveyed to Wagner — specifically that, among other things: (a) Femenia heard colleagues in his office discuss the impending acquisition of a publicly traded company; (b) the name of the company to be acquired was Shaw; (c) the approximate price at which Shaw would be acquired was $45.00 per share; (d) the acquisition would be announced in July 2012 when Shaw released its quarterly earnings; (e) despite the acquisition not being announced when Shaw released its quarterly earnings, the acquisition would still occur and be announced in July; and (f) Wagner should buy Shaw call options expiring in August 2012.

94. In total, between July 9 and July 23, 2012, Osborn spent approximately $33,887 buying Shaw equities (for approximately $19,745) and out-of-the-money call options (for approximately $14,142), specifically purchasing: (a) 700 shares of Shaw equities; (b) 140 August 2012 call options with a strike price of $29.00; and (c) 220 August 2012 call options with a strike price of $30.00. These trades were made on the basis of material non-public information about the potential acquisition of Shaw that Wagner tipped to Osborn.

95. If Shaw's underlying stock price did not increase above the $29.00 and $30.00 strike prices of Osborn's call options before their expiration on August 18, 2012 and Osborn still held the options, his options would expire as worthless, and the entirety of Osborn's approximately $14,142 investment in Shaw call options would have been lost. From July 9 through July 23, 2012 (the period during which Osborn purchased Shaw call options), Shaw's stock price never closed above $28.39, closing at an average of $26.11 during that period.

96. The approximately $33,887 Osborn invested in Shaw equities and out-of-the-money call options during the period from July 9 to July 23, 2012 constituted a substantial portion of his liquid assets.

97. The approximately $33,887 Osborn invested in Shaw equities and out-of-the-money call options during the period from July 9 through July 23, 2012 was the most he had ever invested in a single security in a single month up to that point.

98. With the exception of their respective purchases of Providence shares on April 23, 2012, Osborn had never invested in the same security on the same day as Wagner prior to their July 9, 2012 purchases of Shaw call options and equities. Both Osborn and Wagner purchased Shaw securities on July 9, July 19, and July 23, 2012.

99. The number of phone calls exchanged between Osborn's and Wagner's cellphones from July 9 to July 24, 2012 increased exponentially to at least 19 as compared with only one such phone call during the preceding five weeks (i.e., from June 1 through July 8, 2012). Indeed, from January 1 through June 30, 2012, Osborn and Wagner exchanged an average of approximately 1.5 phone calls per month between their respective cellphones. All but three of the at least 19 phone calls exchanged between Osborn's and Wagner's cellphones from July 9 to July 24, 2012 occurred on the days immediately before, the days of, or the days immediately after Osborn's purchase of Shaw securities (with such purchases occurring on July 9, July 10, July 19, and July 23, 2012).

100. When purchasing Shaw equities and out-of-the-money call options, Osborn knew or was reckless in not knowing that the information he received from Wagner about the acquisition of Shaw was material, nonpublic information that had been conveyed in violation of a duty. Osborn knew that Wagner's source was employed in the finance industry. Osborn also knew or was reckless in not knowing that Wagner's source had access to material, nonpublic information in light of the type, origin, specificity, and timeliness of the information the source conveyed to Wagner — specifically that, among other things: (a) Wagner's source heard colleagues in his office discuss the impending acquisition of a publicly traded company; (b) the name of the company to be acquired was Shaw; (c) the approximate price at which Shaw would be acquired was $45.00 per share; (d) the acquisition would be announced in July 2012 when Shaw released its quarterly earnings; (e) despite the acquisition not being announced when Shaw released its quarterly earnings, the acquisition would still occur; and (f) Wagner should buy Shaw call options expiring in August 2012.

The Acquisition of Shaw is Publicly Announced, and Defendants Sell Their Shaw Holdings, Realizing Substantial Profits

101. On July 30, 2012, before the 8:00 a.m. opening of the markets, CBI announced its agreement to acquire Shaw for $46.00 per share. Thereafter, Shaw's closing share price increased by approximately 55 percent over the prior trading day's close (from $26.69 to $41.49).

102. On July 30, 2012 at 8:31 a.m., Wagner called Osborn (lasting approximately 14 minutes). At 8:45 a.m., Femenia called Wagner (lasting approximately five minutes), for the first of several phone calls exchanged between them on that day. At 8:57 a.m., Wagner again called Osborn (lasting approximately one minute and 19 seconds). Osborn called Wagner at 9:23 a.m. (lasting approximately 29 seconds) and at 9:34 a.m. (lasting approximately 38 seconds).

103. On July 30, 2012, beginning at approximately 10:29 a.m., Osborn sold his Shaw equities and call options, realizing profits of approximately $439,830. At 6:41 p.m., Osborn called Wagner (lasting approximately one minute). And at 6:59 p.m., Wagner called Osborn (lasting approximately 13 minutes).

104. Osborn sold his Shaw equities and call options 21 days after he made his first purchase of Shaw securities on July 9, 2012. Before selling all of his Shaw securities on July 30, 2012, (a) the shortest time that Osborn ever held a single security that he had purchased before divesting completely of that security was approximately 79 days after his first purchase of that security, and (b) the average time that Osborn held a single security that he had purchased before divesting completely of that security was approximately 414 days after his first purchase of that security.

105. Between August 15 and August 17, 2012, Wagner sold all of his Shaw call options. On December 5, 2012, Wagner sold all of his Shaw equities. In total, Wagner realized approximately $517,784 in profits from his timely trading in Shaw equities and call options.

CLAIM FOR RELIEF

Violation of Section 10(b) of the Exchange Act [15. U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]

106. Paragraphs 1 through 105 are hereby realleged and are incorporated herein by reference.

107. By their conduct described above, Defendants, in connection with the purchase and sale of securities, by the use of any means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, directly and indirectly:

(a) employed devices, schemes, and artifices to defraud;

(b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

(c) engaged in acts, practices, and courses of business which operated or would operate as a fraud or deceit upon any persons, including purchasers of the securities.

108. Defendants knowingly, intentionally, or recklessly engaged in the aforementioned devices, schemes, and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

109. By reason of the foregoing, Defendants, directly and indirectly, violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully prays that the Court:

I.

Make findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure finding that Defendants committed the violations alleged herein.

II.

Issue an injunction permanently enjoining Defendants, directly or indirectly, and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise, and each of them from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

III.

Issue an Order requiring Defendants to disgorge all illicit trading profits or other ill-gotten gains received as a result of the conduct alleged in this Complaint plus prejudgment interest thereon, including, as to each of the Defendants, the trading profits and other ill-gotten gains of their direct and downstream tippees plus prejudgment interest thereon.

IV.

Issue an Order requiring Defendants to pay civil monetary penalties of up to three times the amount disgorged pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1].

V.

Retain jurisdiction over this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered or to enter any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

VI.

Grant such other and further relief as the Court may deem just and appropriate.

Dated: April 3, 2014

RESPECTFULLY SUBMITTED,

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